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BIWEEKLY REPORT

AID AND TRADE ACTIVITIES OF COMMUNIST COUNTRIES IN LESS DEVELOPED AREAS OF THE FREE WORLD

EIC WGR 1/213

6 April 1964

PREPARED BY THE WORKING GROUP
ON COMMUNIST AID AND TRADE ACTIVITIES
IN LESS DEVELOPED AREAS OF THE FREE WORLD

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events
20 March - 2 April 1964

On 12 March, Tunisia and the USSR concluded an air agreement that provides for weekly Aeroflot service between the capitals of the two countries. Aeroflot's new route between Moscow and Djakarta via Karachi and Colombo was opened on 14 March.

Ethiopian reaction to the Soviet-Somali arms agreement may have been one reason for the visit to Addis Ababa in March of Soviet Deputy Foreign Minister Malik. Kenya also is concerned about Soviet military aid to its eastern neighbor.

Communist China reportedly is prepared to extend a credit of \$4 million to \$8 million to Burundi. China is maintaining relations with the monarchy as well as with dissidents both inside and outside the country.

The Foreign Minister of Congo (Brazzaville) reportedly signed a cultural agreement with the USSR in March. He also agreed in principle to establish direct air service between the two countries.

Mongolia has agreed to furnish Guinea with plans and equipment for a hospital along with various vehicles. This is the first Mongolian aid extended anywhere in the Free World.

The first shipment of Soviet arms was delivered to Zanzibar in March, and 50 Soviet military advisers are now on the island. Communist China reportedly has offered an economic credit of \$0.5 million. A number of East German technicians have arrived in what may be the vanguard of extensive technical assistance from Communist countries.

Chou En-lai's trip to Asia continued China's political campaign to increase influence in Africa and Asia. Increased economic relations were agreed to only with Ceylon.

India reportedly has completed plans for the manufacture of six squadrons of MIG-21's by 1968. Soviet technical assistance will be necessary if these plans are to be realized.

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Communist China may expand its roadbuilding program in Nepal by reconstructing the old route between Banepa and Janakpur, and the USSR apparently will construct the cement factory previously planned by the Chinese.

On 21 March, Yemen and the USSR signed an economic and technical assistance agreement reportedly involving credits and grants totaling \$72 million. A \$10 million commodity credit as well as new development credits is included in this figure. New technical assistance programs also are included.

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